The committee unanimously recommended these changes at its June 18, 1996, meeting. The committee meets prior to and during each season to consider recommendations for modification, suspension, or termination of the regulatory requirements for Idaho-Eastern Oregon onions which have been issued on a continuing basis. Committee meetings are open to the public and interested persons may express their views at these meetings. The Department reviews committee recommendations and information submitted by the committee and other available information, and determines whether modification, suspension, or termination of the regulatory requirements would tend to effectuate the declared policy of the Act.

The previous requirement that all varieties of onions (except red) which grade U.S. No. 2 or U.S. Commercial could not be shipped if more than 30 percent of the lot was comprised of onions of U.S. No. 1 quality was intended to reduce market confusion by providing a clear distinction between onions packed as U.S. No. 1 and those packed at the U.S. No. 2 and U.S. Commercial grade levels. The goal of providing a clear distinction between packs in the marketplace was further achieved by requiring onions packed as U.S. Commercial grade to have the grade marked permanently and conspicuously on the container. Preventing market confusion is important to the industry in maintaining orderly marketing, and maximizing industry shipments.

The committee reported that this distinction was of little value for bulk shipments of onions, which normally are used for peeling, chopping, slicing, or repacking, and that these requirements have placed an undue regulatory burden on handlers and unnecessarily increased packing costs for such shipments. The committee reported that requiring the grade marking on bulk containers of U.S. Commercial grade onions was not necessary because the chance of market confusion between handlers and buyers of bulk containers is small.

The previous requirement which prohibited the bulk shipment of a lot of onions that graded U.S. No. 2 or U.S. Commercial because it was comprised of more than 30 percent U.S. No. 1 quality sometimes forced handlers to resort such onions, or blend them with poorer quality onions to bring the lots into conformance with the 30 percent tolerance. Rather than incur these additional costs, handlers sometimes sent such onions to lower value, secondary outlets, such as processing; e.g., canning, freezing, dehydration, or similar outlets. Removal of the 30 percent commingling requirement for bulk onion shipments is expected to provide handlers with greater marketing flexibility, reduce packing costs, and increase returns to growers. Removal of the U.S. Commercial grade marking requirement for bulk containers is expected to reduce handler packing costs and remove an unnecessary regulatory burden on handlers of such containers.

The 30 percent commingling and marking requirements for containers with less than 60 pounds of onions continues in effect to maintain the distinction between the various grades shipped into non-bulk markets. As mentioned earlier, this is necessary to prevent market confusion and to maintain orderly marketing conditions.

The interim final rule was issued on July 26, 1996, and published in the Federal Register (61 FR 39839, July 31, 1996), with an effective date of August 1, 1996. That rule provided a 30-day comment period which ended August 30, 1996. No comments were received.

After consideration of all relevant material presented, including the committee's recommendation, and other available information, it is found that finalizing the interim final rule, without change, as published in the Federal Register (61 FR 39839, July 31, 1996) will tend to effectuate the declared policy of the Act.

List of Subjects in 7 CFR Part 958

Marketing agreements, Onions, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 958 is amended as follows:

PART 958—ONIONS GROWN IN CERTAIN DESIGNATED COUNTIES IN IDAHO, AND MALHEUR COUNTY, OREGON

Accordingly, the interim final rule amending 7 CFR part 958 which was published at 61 FR 39839 on July 31, 1996, is adopted as a final rule without change.

Dated: October 1, 1996.

Robert C. Keeney,

Director, Fruit and Vegetable Division.

[FR Doc. 96–25707 Filed 10–7–96; 8:45 am]

BILLING CODE 3410–02–P

7 CFR Part 989

[Docket No. FV96–989–3 IFR]

Raisins Produced From Grapes Grown in California; Assessment Rate

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Interim final rule with request for comments.

SUMMARY: This interim final rule establishes an assessment rate for the Raisin Administrative Committee (Committee) under Marketing Order No. 989 for the 1996–97 and subsequent crop years. The Committee is responsible for local administration of the marketing order which regulates the handling of raisins produced from grapes grown in California. Authorization to assess raisin handlers enables the Committee to incur expenses that are reasonable and necessary to administer the program.

DATES: Effective on August 1, 1996. Comments received by November 7, 1996, will be considered prior to issuance of a final rule.

ADDRESSES: Interested persons are invited to submit written comments concerning this rule. Comments must be sent in triplicate to the Docket Clerk, Fruit and Vegetable Division, AMS, USDA, P.O. Box 96456, room 2525–S, Washington, DC 20090–6456; FAX 202–720–5698. Comments should reference the docket number and the date and page number of this issue of the Federal Register and will be available for public inspection in the Office of the Docket Clerk during regular business hours.

FOR FURTHER INFORMATION CONTACT: Mary Kate Nelson, Marketing Assistant, Marketing Order Administration Branch, California Marketing Field Office, Fruit and Vegetable Division, AMS, USDA, suite 102B, 2202 Monterey Street, Fresno, California 93721, telephone 209–487–5901; FAX 209–487–5906, or Martha Sue Clark, Program Assistant, Marketing Order Administration Branch, Fruit and Vegetable Division, AMS, USDA, P.O. Box 96456, room 2525–S, Washington, DC 20090–6456, telephone 202–720–9918; FAX 202–720–5698. Small businesses may request information on compliance with this regulation by contacting: Jay Guerber, Marketing Order Administration Branch, Fruit and Vegetable Division, AMS, USDA, P.O. Box 96456, room 2525–S, Washington, DC 20090–6456, telephone 202–720–2491; FAX 202–720–5698.

SUPPLEMENTARY INFORMATION: This rule is issued under Marketing Agreement and Order No. 989, both as amended (7

CFR part 989), regulating the handling of raisins produced from grapes grown in California, hereinafter referred to as the ''order.'' The order is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), hereinafter referred to as the ''Act.''

The Department of Agriculture (Department) is issuing this rule in conformance with Executive Order 12866.

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. Under the marketing order now in effect, California raisin handlers are subject to assessments. Funds to administer the order are derived from such assessments. It is intended that the assessment rate as issued herein will be applicable to all assessable raisins beginning August 1, 1996, and continuing until amended, suspended, or terminated. This rule will not preempt any State or local laws, regulations, or policies, unless they present an irreconcilable conflict with this rule.

The Act provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 608c(15)(A) of the Act, any handler subject to an order may file with the Secretary a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and request a modification of the order or to be exempted therefrom. Such handler is afforded the opportunity for a hearing on the petition. After the hearing the Secretary would rule on the petition. The Act provides that the district court of the United States in any district in which the handler is an inhabitant, or has his or her principal place of business, has jurisdiction to review the Secretary's ruling on the petition, provided an action is filed not later than 20 days after the date of the entry of the ruling.

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA), the Agricultural Marketing Service (AMS) has considered the economic impact of this rule on small entities.

The purpose of the RFA is to fit regulatory actions to the scale of business subject to such actions in order that small businesses will not be unduly or disproportionately burdened. Marketing orders issued pursuant to the Act, and the rules issued thereunder, are unique in that they are brought about through group action of essentially small entities acting on their own behalf. Thus, both statutes have small entity orientation and compatibility.

There are approximately 4,500 producers of raisins in the production area and approximately 20 handlers subject to regulation under the marketing order. Small agricultural producers have been defined by the Small Business Administration (13 CFR 121.601) as those having annual receipts of less than $500,000, and small agricultural service firms are defined as those whose annual receipts (from all sources) are less than $5,000,000. No more than eight handlers, and a majority of producers, of California raisins may be classified as small entities. Twelve of the 20 handlers subject to regulation have annual sales estimated to be at least $5,000,000, and the remaining eight handlers have sales less than $5,000,000, excluding receipts from any other sources.

The California raisin marketing order provides authority for the Committee, with the approval of the Department, to formulate an annual budget of expenses and collect assessments from handlers to administer the program. The members of the Committee are producers and handlers of California raisins. They are familiar with the Committee's needs and with the costs of goods and services in their local area and are thus in a position to formulate an appropriate budget and assessment rate. The assessment rate is formulated and discussed in a public meeting. Thus, all directly affected persons have an opportunity to participate and provide input.

The Committee met on August 15, 1996, and unanimously recommended 1996–97 expenditures of $1,463,000 and an assessment rate of $5.00 per ton of California raisins. In comparison, last year's budgeted expenditures were $1,500,000. The assessment rate of $5.00 is the same as last year's established rate. Major expenditures recommended by the Committee for the 1996–97 year compared to those budgeted for 1995–96 (in parentheses) include: $485,000 for export program administration and related activities ($470,000); $412,000 for salaries and wages ($471,000); $95,000 for Committee and office staff travel ($70,000); $80,000 reserve for contingencies ($142,115); $54,000 for general, medical, and Committee member insurance ($64,385); $49,500 for rent ($43,000); $41,200 for group retirement ($23,000); $37,500 for membership dues/surveys ($15,500); $30,000 for office supplies ($30,000); $28,000 for equipment ($20,000); $28,000 for payroll taxes ($32,000); $22,000 for postage ($20,000); $15,000 for telephone ($15,000); $15,000 for miscellaneous expenses ($15,000); $12,000 for repairs and maintenance ($10,000); $12,000 for Committee meeting expense ($7,500); $10,000 for research and communications ($23,000); and $5,000 for audit fees ($20,000). The Committee also recommended $15,000 for printing and $10,000 for software and programming for which no funding was recommended last year.

The assessment rate recommended by the Committee was derived by dividing anticipated expenses by the expected quantity of assessable California raisins for the crop year. This rate, when applied to anticipated acquisitions of 292,600 tons, will yield $1,463,000 in assessment income, which should be adequate to cover anticipated administrative expenses. Any unexpended assessment funds from the crop year are required to be credited or refunded to the handlers from whom collected.

While this rule will impose some additional costs on handlers, the costs are in the form of uniform assessments on all handlers. Some of the additional costs may be passed on to producers. However, these costs will be offset by the benefits derived by the operation of the marketing order. Therefore, the AMS has determined that this rule will not have a significant economic impact on a substantial number of small entities. Interested persons are invited to submit information on the regulatory and informational impacts of this action on small businesses.

The assessment rate established in this rule will continue in effect indefinitely unless modified, suspended, or terminated by the Secretary upon recommendation and information submitted by the Committee or other available information.

Although this assessment rate is effective for an indefinite period, the Committee will continue to meet prior to or during each crop year to recommend a budget of expenses and consider recommendations for modification of the assessment rate. The dates and times of Committee meetings are available from the Committee or the Department. Committee meetings are open to the public and interested persons may express their views at these meetings. The Department will evaluate Committee recommendations and other available information to determine whether modification of the assessment rate is needed. Further rulemaking will be undertaken as necessary. The Committee's 1996–97 budget and those for subsequent crop years will be reviewed and, as appropriate, approved by the Department.

After consideration of all relevant material presented, including the

information and recommendation submitted by the Committee and other available information, it is hereby found that this rule, as hereinafter set forth, will tend to effectuate the declared policy of the Act.

Pursuant to 5 U.S.C. 553, it is also found and determined upon good cause that it is impracticable, unnecessary, and contrary to the public interest to give preliminary notice prior to putting this rule into effect, and that good cause exists for not postponing the effective date of this rule until 30 days after publication in the Federal Register because: (1) The Committee needs to have sufficient funds to pay its expenses which are incurred on a continuous basis; (2) the 1996–97 crop year began on August 1, 1996, and the marketing order requires that the rate of assessment for each crop year apply to all assessable raisins handled during such crop year; (3) handlers are aware of this action which was unanimously recommended by the Committee at a public meeting and is similar to other assessment rate actions issued in past years; and (4) this interim final rule provides a 30-day comment period, and all comments timely received will be considered prior to finalization of this rule.

List of Subjects in 7 CFR Part 989

Grapes, Marketing agreements, Raisins, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 989 is amended as follows:

PART 989—RAISINS PRODUCED FROM GRAPES GROWN IN CALIFORNIA

1. The authority citation for 7 CFR part 989 continues to read as follows:

Authority: 7 U.S.C. 601–674.

2. A new subpart titled ''Assessment Rates'' consisting of § 989.347 is added immediately following § 989.221 to read as follows:

Note: This section will appear in the Code of Federal Regulations.

Subpart—Assessment Rates

§ 989.347 Assessment rate.

On and after August 1, 1996, an assessment rate of $5.00 per ton is established for assessable California raisins.

Dated: October 1, 1996.

Robert C. Keeney,

Director, Fruit and Vegetable Division.

[FR Doc. 96–25708 Filed 10–7–96; 8:45 am]

BILLING CODE 3410–02–P

FEDERAL HOUSING FINANCE BOARD

12 CFR Part 935

[No. 96–61]

Terms and Conditions for Advances

AGENCY: Federal Housing Finance Board.

ACTION: Final rule.

SUMMARY: The Board of Directors of the Federal Housing Finance Board (Finance Board) is adopting a final rule that amends its regulation on terms and conditions for advances. The final rule requires a Federal Home Loan Bank (FHLBank) that offers putable advances to provide appropriate written disclosures and to offer replacement advance funding in the event that the FHLBank terminates the putable advance prior to its stated maturity date.

EFFECTIVE DATE: The final rule will become effective November 7, 1996.

FOR FURTHER INFORMATION CONTACT: Christine M. Freidel, Assistant Director, Financial Management Division, Office of Policy, (202) 408–2976, or, Janice A. Kaye, Attorney-Advisor, Office of General Counsel, (202) 408–2505, Federal Housing Finance Board, 1777 F Street, N.W., Washington, D.C. 20006.

SUPPLEMENTARY INFORMATION:

I. Statutory and Regulatory Background

Under section 10 of the Federal Home Loan Bank Act (Bank Act), each FHLBank has the authority to make secured advances [1] to its members. *See* 12 U.S.C. 1430. To ensure that the FHLBanks operate their advance programs in a safe and sound manner, 12 U.S.C. 1422a(a)(3)(A), and pursuant to its authority to supervise the FHLBanks and ensure that the FHLBanks carry out their housing finance mission and remain adequately capitalized and able to raise funds in the capital markets, *id.* § 1422a(a)(3)(B), the Finance Board promulgated a final rule governing FHLBank advance programs in May 1993. *See* 58 FR 29456 (May 20, 1993), *codified at* 12 CFR part 935.

Since that time, the FHLBanks have developed a new type of advance product called a ''putable advance.'' A putable advance is one that a FHLBank may, at its discretion, put back to a member for immediate repayment prior to the maturity of the advance on dates specified in the advances agreement. Putable advances present to a member borrower the risk that a FHLBank will exercise the put option and terminate the advance prior to its maturity date thereby placing the borrower at a disadvantage. For example, if a FHLBank were to terminate a putable advance prior to its maturity date in a rising interest rate environment, any replacement advance funding offered to the member might be extended at higher market interest rates. On the other hand, since the member borrower is incurring the interest rate risk associated with putable advance funding, a FHLBank is able to offer a putable advance at an interest rate that can be significantly lower than that available on a regular advance. FHLBank members have expressed considerable interest in the lower cost funding available through the use of putable advances.

The Finance Board's advances regulation does not address putable advances, and the practices with respect to this type of advance funding vary from FHLBank to FHLBank. To provide for uniformity and consistency in practice among the FHLBanks that offer putable advances and to reinforce the role of the FHLBanks as sources of liquidity for member institutions, the Finance Board approved for publication a proposed rule to amend its advances regulation to address specifically the issuance of putable advances. The proposed rule was published in the Federal Register on August 2, 1996, with a 30-day public comment period that closed on September 3, 1996. *See* 61 FR 40364 (Aug. 2, 1996). The Finance Board received a total of four comments in response to the notice of proposed rulemaking, two from FHLBanks and two from industry trade associations. The commenters generally supported the Finance Board's proposal. Specific comments are discussed in § II of the *Supplementary Information.*

II. Analysis of Public Comments and the Final Rule

The final rule adds a new subsection (d), putable advances, to § 935.6 of its advances regulation, which concerns the terms and conditions for advances.

A. Disclosure

To ensure that members are fully apprised of the risks associated with putable advance funding, § 935.6(d)(1) requires a FHLBank that provides a putable advance to a member to disclose in writing to such member the risks associated with putable advance funding. Such risks include the option risk described in § I of the *Supplementary Information* and the

[1] For purposes of the Finance Board regulation governing advances, 12 CFR part 935, an advance is a loan from a FHLBank that is provided pursuant to a written agreement, supported by a note or other written evidence of the borrower's obligation, and fully secured by collateral in accordance with the Bank Act and Finance Board regulations. *See id.* § 935.1.